中昱科技集團有限公司
Sunrise (China) Technology Group Limited

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8226)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Sunrise (China) Technology Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading and deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The board of directors (the "Board") of the Company announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013, together with the comparative figures as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2013

	Notes	**2013** ***HK$'000***	2012 *HK$'000* (restated)
Continuing operations			
Revenue	4	**61,576**	50,523
Cost of sales		**(50,684)**	(35,984)
Gross profit		**10,892**	14,539
Other income and gains	4	**3,063**	21,822
Gain on change in fair value of derivative financial instruments			
– Embedded derivatives of convertible loan notes		**2,910**	12,927
– Unlisted warrants		**(3,925)**	9,585
Loss on redemption of convertible loan notes		**(14,766)**	–
Selling and distribution expenses		**(2,301)**	(732)
Administrative expenses		**(36,543)**	(24,047)
Other operating expenses		**(28,447)**	(4,720)
Finance costs	5	**(15,191)**	(16,042)
(Loss)/profit before tax	6	**(84,308)**	13,332
Income tax	7	**4,497**	(362)
(Loss)/profit for the year from continuing operations		**(79,811)**	12,970
Discontinued operations			
Profit for the year from discontinued operations	8	**131**	2,957
(Loss)/profit for the year		**(79,680)**	15,927
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations			
Exchange differences arising during the year		**1,863**	3,689
Reclassification adjustments relating to foreign operations disposed of during the year		**(22,743)**	44
Other comprehensive (expense)/income for the year		**(20,880)**	3,733
Total comprehensive (expense)/income for the year		**(100,560)**	19,660

	Notes	**2013** ***HK$'000***	2012 *HK$'000* (restated)
(Loss)/profit for the year from continuing operations attributable to:			
Owners of the Company		**(67,182)**	14,343
Non-controlling interests		**(12,629)**	(1,373)
		(79,811)	12,970
(Loss)/profit for the year from continuing and discontinued operations attributable to:			
Owners of the Company		**(52,169)**	9,051
Non-controlling interests		**(27,511)**	6,876
		(79,680)	15,927
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(77,618)**	12,025
Non-controlling interests		**(22,942)**	7,635
		(100,560)	19,660
(Loss)/earnings per share	9		
From continuing and discontinued operations			
Basic		**HK(12.08) cents**	HK2.10 cents
Diluted		**N/A**	HK(0.94) cent
From continuing operations			
Basic		**HK(15.56) cents**	HK3.32 cents
Diluted		**N/A**	HK(0.03) cent

Consolidated Statement of Financial Position
As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000 (restated)
Non-current assets			
Property, plant and equipment		**81,681**	361,330
Prepaid land lease payments		**6,210**	25,600
Investment properties		**–**	34,569
Goodwill		**–**	–
Intangible assets		**–**	8,508
Available-for-sale investment		**–**	–
Prepayment for acquisition of property, plant and equipment		**–**	5,167
Deferred tax assets		**–**	3,303
		87,891	438,477
Current assets			
Inventories		**28,623**	104,773
Amount due from customers for contract work		**–**	9,735
Trade receivables	11	**58,650**	290,464
Prepayments, deposits and other receivables		**28,524**	97,162
Restricted bank deposits		**–**	49,117
Bank balances and cash		**543**	93,822
		116,340	645,073
Assets classified as held for sale	12	**87,570**	–
		203,910	645,073
Current liabilities			
Trade payables	13	**16,729**	273,547
Other payables and accruals		**19,910**	229,131
Bank and other borrowings	14	**–**	134,567
Amount due to noteholder		**45,970**	–
Amounts due to directors		**–**	3,310
Amounts due to non-controlling interests of subsidiaries		**–**	65,121
Convertible loan notes and embedded derivatives		**–**	30,926
Tax payable		**98**	4,780
		82,707	741,382
Liabilities directly associated with assets classified as held for sale	12	**108,189**	–
		190,896	741,382
Net current assets/(liabilities)		**13,014**	(96,309)
Total assets less current liabilities		**100,905**	342,168

	2013	2012
	HK$'000	*HK$'000*
		(restated)
Non-current liabilities		
Unlisted warrants	**9,076**	5,151
Deferred tax liabilities	**950**	12,391
	10,026	17,542
Net assets	**90,879**	324,626
Capital and reserves		
Share capital	**4,318**	4,318
Reserves	**58,195**	135,813
Equity attributable to owners of the Company	**62,513**	140,131
Non-controlling interests	**28,366**	184,495
Total equity	**90,879**	324,626

Notes:

1. GENERAL

The Company is a limited liability company incorporated in the Cayman Islands, and the issued shares of which are listed on GEM of the Stock Exchange. The address of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

During the year, the Group was involved in the following principal activities:

- environmental related businesses
- manufacture and sales of loudspeaker systems

The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is the same as the functional currency of the Company.

In the opinion of the directors, the immediate holding company and ultimate holding company of the Company is Zhongyu Group Holdings Limited, which is incorporated in the British Virgin Islands.

Restatements of comparative figures

(a) Acquisition of subsidiary in prior year

On 10 December 2012, the Group acquired 51% equity interest in a subsidiary, Heilongjiang Province Shengyan New Energy Development Limited ("Shengyan"), which gave rise to a gain on bargain purchase amounted to HK$3,942,000 recognised in the profit or loss in respect of the year ended 31 December 2012. During the current year (which is less than one year from the acquisition date), Shengyan received subsidies from the PRC local government amounted to HK$23,572,000, relating to the manufacture and sales of goods transacted prior to the date of acquisition, which has not been recognised at the acquisition date. In accordance with HKFRS 3 "Business combinations", the Group has retrospectively adjusted these subsidies to reflect new information obtained about facts and circumstances that existed as of the acquisition date, which has resulted in the increase of the gain on bargain purchase to HK$15,964,000 and the following impacts on the consolidated financial statements of the Group for the year ended 31 December 2012. The related comparative figures of the consolidated financial statements for the current year have been restated accordingly.

	Year ended 31 December 2012		
	As originally stated	Adjustment	As restated
	HK$'000	*HK$'000*	*HK$'000*
Profit for the year	3,905	12,022	15,927
(Loss)/profit for the year attributable to:			
Owners of the Company	(2,971)	12,022	9,051
Non-controlling interests	6,876	–	6,876
	3,905	12,022	15,927

	As at 31 December 2012		
	As originally stated	Adjustment	As restated
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Prepayments, deposits and other receivables	73,590	23,572	97,162
Total equity			
Equity attributable to owners of the Company	128,109	12,022	140,131
Non-controlling interests	172,945	11,550	184,495

(b) *Discontinued operations*

In the current year, the directors of the Company have determined to discontinue the business of manufacture and sales of loudspeaker systems *(Note 8)*, accordingly the consolidated statement of profit or loss and other comprehensive income is presented to reflect the discontinued operations. Prior year's comparative figures have been restated to conform with the current year's presentation.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARD ("HKFRS")

New and revised HKFRSs applied in current year

The Group has applied the first time in the current year the following new and revised HKFRSs:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associate and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised HKFRSs in the current year had no material impact on the Group's financial statements for the current and prior years.

HKFRS 13 "Fair Value Measurement"

The Groups has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

The Group has applied the amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income". Upon the adoption of the amendments to HKAS 1, the consolidated statement of comprehensive income is renamed as the consolidated statement of profit or loss and other comprehensive income. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into the following reportable operating segments based on their products and services:

Continuing operations: Environmental related businesses

Discontinued operations: Manufacture and sales of loudspeaker systems

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, gain on change in fair value of embedded derivatives of convertible loan notes and unlisted warrants, loss on redemption of convertible loan notes, finance costs, as well as other head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 December 2013

	Environmental related businesses *HK$'000*	Manufacture and sales of loudspeaker systems *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	**61,576**	**449,101**	**510,677**
Segment results	**(29,086)**	**(11,489)**	**(40,575)**
Reconciliation:			
Interest income			**697**
Gain/(loss) on change in fair value of:			
– embedded derivatives of convertible loan notes			**2,910**
– unlisted warrants			**(3,925)**
Finance costs			**(17,789)**
Loss on redemption of convertible loan notes			**(14,766)**
Corporate and other unallocated expenses			**(6,162)**
Loss before tax			**(79,610)**
Segment assets	**165,396**	**–**	**165,396**
Reconciliation:			
Corporate and other unallocated assets			**38,835**
Assets classified as held for sale			**87,570**
Total assets			**291,801**
Segment liabilities	**90,080**	**–**	**90,080**
Reconciliation:			
Liabilities directly associated with assets classified as held for sale			**108,189**
Corporate and other unallocated liabilities			**2,653**
Total liabilities			**200,922**
Other segment information:*			
Write-down of inventories	**399**	**5,469**	**5,868**
Impairment loss on inventories	**12,508**	**–**	**12,508**
Impairment loss on trade receivables	**15,939**	**968**	**16,907**
Impairment loss on other receivables	**–**	**33,193**	**33,193**
Depreciation and amortisation	**15,964**	**11,472**	**27,436**
Capital expenditure#	**1,654**	**41,007**	**42,661**

* Included in the "Segment results" disclosed above.

\# Capital expenditure consists additions to property, plant and equipment and excluding assets from the acquisition of subsidiaries.

Year ended 31 December 2012

	Environmental related businesses	Manufacture and sales of loudspeaker systems	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue:			
Sales to external customers	50,523	825,054	875,577
Segment results	1,925	23,250	25,175
Reconciliation:			
Interest income			1,262
Gain on change in fair value of:			
– embedded derivatives of convertible loan notes			12,927
– unlisted warrants			9,585
Gain on bargain purchase			15,964
Finance costs			(25,820)
Corporate and other unallocated expenses			(15,670)
Profit before tax			23,423
Segment assets	261,792	766,132	1,027,924
Reconciliation:			
Corporate and other unallocated assets			55,626
Total assets			1,083,550
Segment liabilities	200,401	486,768	687,169
Reconciliation:			
Corporate and other unallocated liabilities			71,755
Total liabilities			758,924
Other segment information:*			
Write-down of inventories	–	2,552	2,552
Impairment loss on trade receivables	4,448	6,475	10,923
Impairment loss on goodwill	270	1,160	1,430
Impairment loss on property, plant and equipment	–	1,761	1,761
Gain on change in fair value of investment properties	–	3,045	3,045
Depreciation and amortisation	9,850	18,765	28,615
Capital expenditure[#]	2,517	61,317	63,834

* Included in the "Segment results" disclosed above.

[#] Capital expenditure consists additions to property, plant and equipment and excluding assets from the acquisition of subsidiaries.

Geographical information

(a) Revenue from external customers

	2013	2012
	HK$'000	*HK$'000*
Mainland China	**237,011**	379,705
United States of America	**86,512**	148,781
Germany	**111,425**	209,763
Thailand	**763**	2,711
Other countries	**74,966**	134,617
	510,677	875,577

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**–**	385
Mainland China	**87,891**	421,114
	87,891	421,499

The non-current assets information is based on the locations of the assets and excludes goodwill, intangible assets, prepayment for acquisition of property, plant and equipment and deferred tax assets.

Information about a major customer

During the year ended 31 December 2013, the Group had made sales to a single customer, who contributed over 10% of the Group's revenue, of HK$55,546,000 (2012: HK$99,542,000) for the year.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover recognised for the year, represents the net invoiced value of goods sold, after allowances for returns, trade discounts and sales related taxes; income from construction contracts; and income from of maintenance services rendered.

	2013			2012		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
Sales of goods	**28,501**	**423,783**	**452,284**	30,106	777,795	807,901
Income from construction contracts	**33,075**	**–**	**33,075**	20,417	–	20,417
Maintenance services income	**–**	**25,318**	**25,318**	–	47,259	47,259
Total revenue	**61,576**	**449,101**	**510,677**	50,523	825,054	875,577
Other income						
Bank interest income	**372**	**325**	**697**	15	1,247	1,262
Mould income	**–**	**157**	**157**	–	3,514	3,514
Gross rental income on investment properties	**–**	**2,538**	**2,538**	–	4,676	4,676
Sales of scrap materials	**–**	**348**	**348**	37	1,179	1,216
Service income	**200**	**525**	**725**	–	2,619	2,619
Others	**129**	**2,782**	**2,911**	210	1,458	1,668
	701	**6,675**	**7,376**	262	14,693	14,955
Gains						
Exchange gains, net	**–**	**–**	**–**	(119)	5,550	5,431
Gain on change in fair value of investment properties	**–**	**–**	**–**	–	3,045	3,045
Gain on bargain purchase	**–**	**–**	**–**	15,964	–	15,964
Gain on disposal of subsidiaries	**–**	**–**	**–**	5,715	–	5,715
Reversal of impairment loss on trade receivables	**2,362**	**–**	**2,362**	–	–	–
	2,362	**–**	**2,362**	21,560	8,595	30,155
Total other income and gains	**3,063**	**6,675**	**9,738**	21,822	23,288	45,110

5. FINANCE COSTS

	2013			2012		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Interest on:						
– Bank borrowings wholly repayable within five years	**–**	**2,231**	**2,231**	–	9,555	9,555
– Loan from a third party	**6,457**	**–**	**6,457**	8,020	–	8,020
– Convertible loan notes	**6,826**	**–**	**6,826**	7,970	–	7,970
– Discounted bills	**–**	**367**	**367**	–	223	223
– Amount due to noteholder	**1,841**	**–**	**1,841**	–	–	–
Overdue interest on convertible loan notes	**67**	**–**	**67**	52	–	52
	15,191	**2,598**	**17,789**	16,042	9,778	25,820

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	2013			2012		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Cost of inventories sold	**25,366**	**347,145**	**372,511**	20,676	651,463	672,139
Write-down of inventories	**399**	**5,469**	**5,868**	–	2,552	2,552
Construction costs recognised	**24,919**	**–**	**24,919**	15,308	–	15,308
Depreciation of property, plant and equipment	**9,776**	**11,158**	**20,934**	1,603	18,348	19,951
Amortisation of:						
– Intangible assets *(Note a)*	**6,053**	**21**	**6,074**	8,247	–	8,247
– Prepaid land lease payments *(Note a)*	**135**	**293**	**428**	–	417	417
Auditor's remuneration	**620**	**173**	**793**	774	242	1,016
Exchange losses/(gains), net	**942**	**9,551**	**10,493**	(119)	5,549	5,430
Rental charges on land and buildings under operating leases	**1,444**	**217**	**1,661**	1,472	401	1,873
Loss on disposal of property, plant and equipment	**–**	**908**	**908**	–	–	–
Impairment loss on:						
– Goodwill *(Note b)*	**–**	**–**	**–**	270	1,160	1,430
– Inventories *(Note b)*	**12,508**	**–**	**12,508**	–	–	–
– Trade receivables *(Note b)*	**15,939**	**968**	**16,907**	4,448	6,475	10,923
– Other receivables *(Note b)*	**–**	**33,193**	**33,193**	–	–	–
– Property, plant and equipment *(Note b)*	**–**	**–**	**–**	–	1,761	1,761
Rental income from investment properties less direct operating expenses	**–**	**(2,538)**	**(2,538)**	–	(4,489)	(4,489)
Research and development costs:						
Current year expenditure	**4,262**	**12,622**	**16,884**	1,873	29,645	31,518
Less: Government grants *(Note c)*	**–**	**(174)**	**(174)**	–	(672)	(672)
	4,262	**12,448**	**16,710**	1,873	28,973	30,846
Directors' remuneration	**1,929**	**–**	**1,929**	2,129	905	3,034
Other staff costs (excluding directors' remuneration):						
Wages, salaries and allowances	**11,791**	**96,846**	**108,637**	4,203	163,041	167,244
Pension scheme contribution	**115**	**608**	**723**	329	1,180	1,509
Total staff costs	**13,835**	**97,454**	**111,289**	6,661	165,126	171,787

Notes:

(a) The amortisation of intangible assets and the amortisation of prepaid land lease payments for the year are included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

(b) The impairment losses on goodwill, inventories, trade and other receivables and property, plant and equipment are included in "Other operating expenses" in the consolidated statement of profit or loss and other comprehensive income.

(c) Government grants have been received for research activities in Mainland China. The government grants released have been deducted from the research and development costs to which they relate. There are no unfulfilled conditions or contingencies relating to these grants.

7. INCOME TAX

	2013			2012		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Current tax						
– PRC Enterprise Income Tax	**213**	**1,265**	**1,478**	2,458	7,724	10,182
– Other jurisdictions	**–**	**473**	**473**	–	953	953
	213	**1,738**	**1,951**	2,458	8,677	11,135
(Over)/under provision in prior years						
– PRC Enterprise Income Tax	**(2,526)**	**(685)**	**(3,211)**	(34)	125	91
– Other jurisdictions	**–**	**(38)**	**(38)**	–	–	–
	(2,526)	**(723)**	**(3,249)**	(34)	125	91
Deferred tax (credit)/charge	**(2,184)**	**3,552**	**1,368**	(2,062)	(1,668)	(3,730)
Total tax (credit)/charge for the year	**(4,497)**	**4,567**	**70**	362	7,134	7,496

No provision for Hong Kong profits tax has been made for both of the years presented as the Group did not generate any assessable profits arising in Hong Kong during those years.

The subsidiaries established in the PRC are subject to PRC Enterprise Income Tax at 25% for both of the years presented. A PRC subsidiary was registered as a Hi-New Technology Enterprise by the relevant government authority in the PRC and is subjected to the PRC corporate tax at the rate of 15%.

Taxes on profits assessable elsewhere have been calculated at the tax rates prevailing in the jurisdictions in which the Group operates.

8. DISCONTINUED OPERATIONS

During the year, following the disposal of the Company's subsidiary, Taraki Inc., the Group discontinued its business of manufacture and sales of loudspeaker systems on 18 July 2013. An analysis of the results attributable to the discontinued operations is as follows:

	1.1.2013 to 18.7.2013 *HK$'000*	1.1.2012 to 31.12.2012 *HK$'000*
(Loss)/profit of the discontinued operations	**(18,329)**	2,957
Gain on disposal of subsidiaries	**18,460**	–
Profit for the year from discontinued operations	**131**	2,957
Profit/(loss) for the year from discontinued operations attributable to:		
Owners of the Company	**15,013**	(5,292)
Non-controlling interests	**(14,882)**	8,249
	131	2,957

The (loss)/profit from discontinued operations are analysed as follows:

	Notes	**1.1.2013 to 18.7.2013** *HK$'000*	1.1.2012 to 31.12.2012 *HK$'000*
Revenue	4	**449,101**	825,054
Cost of sales		**(347,051)**	(654,015)
Gross profit		**102,050**	171,039
Other income and gains	4	**6,675**	23,288
Selling and distribution expenses		**(12,604)**	(32,147)
Administrative expenses		**(73,124)**	(132,915)
Other operating expenses		**(34,161)**	(9,396)
Finance costs	5	**(2,598)**	(9,778)
(Loss)/profit before tax	6	**(13,762)**	10,091
Income tax expense	7	**(4,567)**	(7,134)
(Loss)/profit for the year from discontinued operations		**(18,329)**	2,957

9. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the owners of the Company is as follows:

	2013	2012
	HK$'000	*HK$'000*
(Loss)/earnings		
(i) From continuing and discontinued operations		
(Loss)/earnings for the purpose of basic (loss)/earnings per share		
(Loss)/profit for the year attributable to owners of the Company	**(52,169)**	9,051
Effect of dilutive potential ordinary shares:		
(Gain)/loss on change in fair value of:		
– Embedded derivatives of convertible loan notes	**(2,910)**	(12,927)
– Unlisted warrants	**3,925**	(9,585)
Interest on convertible loan notes	**6,893**	8,022
Interest on amount due to noteholder	**1,841**	–
Loss for the purpose of diluted loss per share	**N/A**	(5,439)
(ii) From continuing operations		
(Loss)/earnings for the purpose of basic loss per share		
(Loss)/profit for the year attributable to owners of the Company	**(67,182)**	14,343
Effect of dilutive potential ordinary shares:		
(Gain)/loss on change in fair value of:		
– Embedded derivatives of convertible loan notes	**(2,910)**	(12,927)
– Unlisted warrants	**3,925**	(9,585)
Interest on convertible loan notes	**6,893**	8,022
Interest on amount due to noteholder	**1,841**	–
Loss for the purpose of diluted loss per share	**N/A**	(147)

Number of shares

	Number of shares **'000**	Number of shares *'000*
From continuing and discontinued operations and from continuing operations		
Number of ordinary shares for the purpose of basic loss/earnings per share	**431,765**	431,765
Effect of dilutive potential ordinary shares:		
Convertible loan notes	**79,497**	79,497
Unlisted warrants	**66,667**	66,667
Number of ordinary shares for the purpose of diluted loss per share	**577,929**	577,929

Diluted loss per share for the year ended 31 December 2013 is not presented because the Group sustained a loss for the year and the impact of conversion of convertible notes and exercise of share options, if any, is regarded as anti-dilutive.

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2013, nor has any dividend been proposed since the end of the reporting date (2012: Nil).

11. TRADE RECEIVABLES

	2013 ***HK$'000***	2012 *HK$'000*
Trade receivables	**104,893**	308,584
Less: Impairment loss recognised	**(23,209)**	(18,120)
	81,684	290,464
Less: Reclassified to assets classified as held for sale *(Note 12)*	**(23,034)**	–
	58,650	290,464

The aging analysis of trade receivables, net of impairment loss, based on delivery date is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 90 days	**29,956**	228,612
91 – 180 days	**–**	23,129
181 – 365 days	**12,412**	38,723
More than 365 days	**39,316**	–
	81,684	290,464

Included in trade receivables as at 31 December 2013 is retention monies receivable from customers amounted to HK$5,614,000 (2012: HK$4,223,000), of which HK$3,533,000 (2012: HK$1,835,000) was expected to be recovered after one year. The retention monies receivable at 31 December 2013 is included in assets classified as held for sale *(Note 12)*.

The majority of the Group's sales are on open account in accordance with terms specified in the contracts governing relevant transactions. An average credit period of 180 days (2012: 90 days) is granted to customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. An aging analysis of the Group's trade receivables, that are past due but not impaired, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Past due:		
91 – 180 days	**–**	23,129
181 – 365 days	**12,412**	38,723
More than 365 days	**39,316**	–
	51,728	61,852

The Group reviews customer credit limit regularly based on historical repayment record. Trade receivables that were neither past due nor impaired related to a number of customers. Having considered the credit quality of the customers and the past experience of debts settlement, management of the Group is of the review that these trade receivables are fully recoverable and impairment loss on the receivables is not required to be made.

The table below reconciled the impairment of trade receivables for the year:

	2013	2012
	HK$'000	*HK$'000*
Balance at beginning of the year	**18,120**	7,096
Reversal of impairment loss	**(2,362)**	–
Impairment loss recognised	**16,907**	10,923
Eliminated on disposal of subsidiaries	**(9,923)**	–
Exchange realignment	**467**	101
Balance at end of the year	**23,209**	18,120

12. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 23 December 2013, the Company entered into an agreement with a third party for the disposal of the Group's 51% equity interest in a subsidiary, Confident Echo Holdings Limited ("Confident Echo"), for a cash consideration of HK$50,980,962, of which a cash deposit of HK$21,000,000 was received by the Company up to 31 December 2013. Confident Echo, through its subsidiaries established in the PRC, is principally engaged in the provision of services in environmental related business. The disposal of Confident Echo was completed on 30 January 2014.

The consolidated assets and liabilities of Confident Echo and its subsidiaries at the end of the reporting period are analysed as follows:

	31.12.2013
	HK$'000
Assets	
Property, plant and equipment	2,371
Intangible assets	2,144
Amounts due from customers for contract work	30,163
Trade receivables *(Note 11)*	23,034
Prepayments, deposits and other receivables	12,714
Restricted bank deposits	13,960
Bank balances and cash	3,184
Assets of Confident Echo and its subsidiaries classified as held for sale	87,570
Liabilities	
Trade payables *(Note 13)*	(13,806)
Accruals and other payables	(72,847)
Deferred tax liabilities	(536)
Liabilities of Confident Echo and its subsidiaries	(87,189)
Deposit received on disposal of Confident Echo	(21,000)
Liabilities directly associated with assets classified as held for sale	(108,189)
Net assets of Confident Echo and its subsidiaries	381

13. TRADE PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**30,535**	273,547
Less: reclassified to liabilities directly associated with assets classified as held for sale *(Note 12)*	**(13,806)**	–
	16,729	273,547

In general, the credit terms granted by suppliers ranged from 30 to 180 days. An aging analysis of the Group's trade payables is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**516**	95,897
31 – 90 days	**10,799**	122,463
91 – 180 days	**138**	46,077
181 – 365 days	**14,983**	8,840
More than 365 days	**4,099**	270
	30,535	273,547

14. BANK AND OTHERS BORROWINGS

	2013	2012
	HK$'000	*HK$'000*
Bank loans	**–**	104,567
Other loan	**–**	30,000
	–	134,567

The bank loans at 31 December 2012, which were carried interest at market rates and were due on demand or within one year, were secured by the Group's buildings, prepaid land lease payments and investment properties with the carrying amounts of HK$97,211,000, HK$12,661,000 and HK$6,400,000 respectively at that date. The bank loans at 31 December 2012 were made by the Company's subsidiaries which were disposed of during the current year.

The other loan at 31 December 2012, which was obtained from a third party, was unsecured, bearing at 27.6% per annum and fully repaid during the current year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Shengyan

Shengyan was incorporated in the PRC in July 2010 with a registered capital of RMB30 million and is principally engaged in the production and sale of straw fuel briquettes, which is a type of biofuels and a substitute for coal in the northeast region of the PRC. The Group completed the acquisition of its 51% interest in Shengyan in December 2012. The business model of Shengyan is briefly summarised as follows:

- Straw collection – purchase, collect and strap raw straw from farmers and transport to the warehouses for storage;

- Straw chopping – the collected straw is then crushed into fine powder through crushing equipments;

- Straw briquetting – the powdered straw is then put into the briquetting press machines from where it is compressed and processed before straw fuel briquettes are made; and

- Sale of finished products – upon receiving sales orders, the straw fuel briquettes are then sold to customers.

The customers of Shengyan are mainly consisted of companies located at Heilongjiang Province in the PRC, which are engaged in agricultural and manufacturing industries and use the straw fuel briquettes for different usage such as heat generation. Revenue of Heilongjiang Shengyan is mainly derived from the sale of straw fuel briquettes by sales orders from customers and Shengyan purchases raw straw directly from many different local farmers located at the Baiquan County of Heilongjiang Province.

Shengyi

Shengyi was principally engaged in the provision of technological desulphurization service, which could effectively reduce sulfur dioxide and hydrogen sulfide emissions generated from burning of fossil fuels such as coal, natural gas and oil products. Since there was a slowdown in overall economic growth during the past year and many traditional chemical manufacturers were suffering from cash flow shortages, existing contracts of Shengyi were experiencing slow progress.

Reference is made to the announcement of the Company dated 23 December 2013 and the circular of the Company dated 30 January 2014 in relation to the disposal of a subsidiary, the Company and a purchaser entered into a sale and purchase agreement, pursuant to which the Company conditionally agreed to dispose Confident Echo Holdings Limited and its subsidiaries including Shengyi at an aggregate consideration of HK$51 million. The disposal was completed on 30 January 2014.

Loudspeaker Business

The Loudspeaker Business was principally engaged in the manufacture and sale of loudspeaker systems used in both automobiles and home theatres and the provision of after-sales service. It manufactured different types of loudspeaker systems for automobiles and home theatres on an OEM and ODM basis, all of which had different quality, sizes, designs and/or functions or were tailor-made for different customers.

The business faced challenges in light of the slow US economic recovery, the continuous Euro area debt crisis and the weakening PRC economic growth which had affected market demands as well as the historical high level of raw material and labour costs in the PRC.

Reference is made to the announcement of the Company dated 9 May 2013 and the circular of the Company dated 28 June 2013 in relation to the disposal of the entire interests of a wholly-owned subsidiary, the Company and a purchaser entered into a sale and purchase agreement, pursuant to which the Company conditionally agreed to dispose Taraki Inc. and its subsidiaries (which represented all of the Loudspeaker Business) at an aggregate consideration of HK$122 million. The disposal was completed on 18 July 2013.

FINANCIAL REVIEW

The Group has commenced its environmental related businesses since 2012. Revenue generated from such businesses was increased by 21.8% to HK$ 61.5 million (2012: 50.5 million) for the year ended 31 December 2013. The gross profit ratio decreased to 11.0% (2012: 31.3%) for the year ended 31 December 2013.

The Group recorded a decrease in overall turnover of 41.7% to approximately HK$510.7 million (2012: HK$875.6 million) due to the disposal of Loudspeaker Business, revenue generated from which was approximately HK$449.1 million before the date of disposal.

The Group recorded net loss of approximately HK$79.7 million, compared with a profit of approximately HK$15.9 million for the previous financial year. The loss primarily arose from the impairment loss on trade receivables, write-down of inventories, loss on redemption of convertible loan notes and the impairment loss on other receivables of the Loudspeaker Business.

LOOKING AHEAD

In recent years, there have been different levels of environmental issues exposed in various regions of the PRC, continuously boosting public awareness of environmental protection throughout the country and making the Chinese government to strive for integrated management enhancement of pollution prevention, energy conservation and emission reduction at the enterprise level. Benefited from the enormous support given by the government towards environmental related industry, the environmental sector is filled with promising development opportunities and clear direct guidelines, further fortified the Group's objective to develop the environmental related industry.

In 2014, the Group will continue to strengthen the existing business of Shengyan, proactively explore new business scope and continuously seek other suitable investment opportunities. In addition, the Group also plans to gradually open up its international market in coming years with an aim to promote its advanced environmental technology and concept worldwide.

Besides, the Group will continue to strictly control risks, strengthen internal management, integrate dominant resources and develop a cautious investment strategy in order to create a better return for its shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year.

CORPORATE GOVERNANCE PRACTICES

The Board and senior management are committed to maintaining a high standard of corporate governance practices with a view to enhancing the management efficiency of the Company as well as preserving the interests of the shareholders. The Board believes that high standards of corporate governance provide a framework and solid foundation for achieving, attracting and retaining the high standard and quality of the Group's management, promoting high standards of accountability and transparency and meeting the expectations of all of the Group's various stakeholders.

The Company has complied with the code provisions of the Code on Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules throughout the year ended 31 December 2013, except for the following deviations:

Code Provision A.2.1

The code provision stipulated that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Shan Xiaochang, an executive Director, has served both roles as the chairman and the chief executive officer of the Company since September 2010. In view of the scale and operations of the Company and the fact that daily operations of the Group's business is delegated to the senior executives, the Board is of the view that this has not compromised accountability and independent decision-making. In addition, the audit committee of the Company composed exclusively of independent non-executive Directors and the independent non-executive Directors have free and direct access to the Company's external auditors and independent professional advisors when considered necessary.

Code Provision E.1.2

The code provision stipulated that the chairman of the Board should attend the annual general meeting of the Company.

Due to urgent business engagement, Mr. Shan Xiaochang, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 18 June 2013 (the "Meeting"). Mr. Ma Arthur On-hing, an executive Director, presided as the chairman at the Meeting in accordance with the articles of association of the Company.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the CG Code as defined in the GEM Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting processes and internal controls. The audit committee comprises Mr. Wang Jialian, Mr. Wang Zhihua and Ms. Chan Sze Man who are the independent non-executive Directors. The audit committee of the Company has reviewed and discussed the financial reporting matters including the annual results for the year ended 31 December 2013 with the management and the external auditors.

By order of the Board
Sunrise (China) Technology Group Limited
Shan Xiaochang
Chairman

Hong Kong, 31 March 2014

As at the date of this announcement, the Board comprises of three executive Directors, namely Mr. Shan Xiaochang, Ms. Shan Zhuojun and Mr. Ma Arthur On-hing and three independent non-executive Directors, namely Mr. Wang Jialian, Mr. Wang Zhihua and Ms. Chan Sze Man.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at "www.hkgem.com" for at least seven days from its date of posting and on the Company's website at "www.sunrisechina-tech.com".